

Ghazanfar Bank – financial statements and auditors’ report

For the year ended December 31, 2013





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Independent auditors' report to the shareholders of Ghazanfar Bank

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We have audited the accompanying financial statements of Ghazanfar Bank ("the Bank"), which comprise the statement of financial position as at December 31, 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Law of Banking in Afghanistan, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ghazanfar Bank as at December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Law of Banking in Afghanistan.

Anjum Asim Shahid Rahman

Kabul

Date: MARCH 24, 2014

Anjum Asim Shahid Rahman

Chartered Accountants

GHAZANFAR BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	Note	2013 Afs '000'	2012
ASSETS			
Cash and cash equivalents	5	3,531,753	3,209,115
Loans and advances to customers	6	3,535,651	2,463,409
Property and equipment	7	167,972	133,866
Intangible assets	8	6,070	8,014
Deferred tax asset-net	9	-	18,020
Other assets	10	989,759	521,382
Total assets		8,231,205	6,353,806
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	1,162,370	1,162,370
Accumulated losses		(19,530)	(86,004)
Total equity		1,142,840	1,076,366
LIABILITIES			
Deposits from customers	12	6,899,696	5,256,531
Deferred tax liability-net	9	24,193	-
Other liabilities	13	164,476	20,909
Total liabilities		7,088,365	5,277,440
Total equity and liabilities		8,231,205	6,353,806

CONTINGENCIES AND COMMITMENTS 20

The annexed notes 1 to 24 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER



DIRECTOR


GHAZANFAR BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013 Afs '000'	2012
Interest income		453,647	415,729
Interest expense		(85,509)	(131,382)
Net interest income	14	368,138	284,347
Fee and commission income		110,042	23,010
Fee and commission expense		(15,673)	(4,411)
Net fee and commission income	15	94,369	18,599
Other operating income	16	98,399	31,858
Operating income		560,906	334,804
Impairment allowance and charge off	6.8	(26,566)	(43,219)
Employee compensation	17	(92,258)	(89,568)
Operating lease expenses		(19,717)	(17,839)
Depreciation	7	(35,579)	(27,383)
Amortization	8	(4,179)	(5,264)
Other expenses	18	(172,832)	(141,967)
		(351,131)	(325,238)
Profit before tax		209,775	9,565
Tax expense	19	(42,213)	(8,308)
Profit for the year		167,562	1,258
Other comprehensive income		-	-
Total comprehensive income for the year		167,562	1,258

The annexed notes 1 to 24 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER



DIRECTOR


GHAZANFAR BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Share capital	Accumulated losses	Total
	Afs '000'	Afs '000'	Afs '000'
Balance as at January 01, 2012	667,620	(87,262)	580,358
Transactions with owners			
Issuance of shares	494,750	-	494,750
Total comprehensive income for the year			
Profit for the year	-	1,258	1,258
Balance as at December 31, 2012	<u>1,162,370</u>	<u>(86,004)</u>	<u>1,076,366</u>
Balance as at January 01, 2013	1,162,370	(86,004)	1,076,366
Total comprehensive income for the year			
Profit for the year	-	167,562	167,562
Transactions with owners			
Dividend paid during the year	-	(101,088)	(101,088)
Balance as at December 31, 2013	<u>1,162,370</u>	<u>(19,530)</u>	<u>1,142,840</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER



DIRECTOR



GHAZANFAR BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

		2013	2012
	Note Afs '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		209,775	9,565
Adjustments for:			
Net impairment loss on financial assets	6.8	26,566	43,219
Depreciation	7	35,579	27,383
Amortization	8	4,179	5,264
(Gain) / loss on disposal of fixed assets	16	(159)	9
		<u>275,940</u>	<u>85,439</u>
(Increase) / decrease in current assets			
Loans and advances to customers - gross		(1,098,808)	(444,241)
Other assets		(466,371)	(165,099)
Increase / (decrease) in current liabilities			
Deposits from customers		1,643,165	1,205,149
Other liabilities		145,479	(4,694)
		<u>223,466</u>	<u>591,116</u>
		499,406	676,555
Tax paid		(3,920)	(2,994)
Net cash generated from operating activities	A	<u>495,486</u>	<u>673,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	7	(69,852)	(15,589)
Purchase of intangible assets	8	(2,234)	(12,020)
Proceed from disposal of property and equipment		326	10
Net cash used in investing activities	B	<u>(71,760)</u>	<u>(27,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(101,088)	-
Proceeds from issue of shares		-	494,750
Net cash (used in) / generated from financing activities	C	<u>(101,088)</u>	<u>494,750</u>
Net increase in cash and cash equivalents (A+B+C)		322,638	1,140,712
Cash and cash equivalents, beginning of year		3,209,115	2,068,403
Cash and cash equivalents, end of year		<u>3,531,753</u>	<u>3,209,115</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

